

Offer 401-HHS-003: Medical Services

Offer Total: \$ 3,753,549,308

General Fund Need: \$ 834,067,866

Offer Description:

This offer maintains current Iowa Medicaid eligibility standards, and provides those services mandated by Title XIX for all eligible individuals at SFY 2010 rates.

This offer also provides all State Plan services which are not “mandatory” under Title XIX but which are medically necessary and currently covered by Iowa Medicaid.

This offer also seeks to maintain the contracts initiated in 2004 to operate and enhance activities of the Medicaid program through the Iowa Medicaid Enterprise and administrative functions as well as local staff necessary to deliver services.

Funding for the Health Insurance Premium Payment (HIPP) program is also included. The purpose of the HIPP program is to reduce Medicaid costs by obtaining health insurance for Medicaid-eligible people. Section 4402 of the Omnibus Budget Reconciliation Act (OBRA) permits states to pay the cost of enrolling an eligible Medicaid recipient in an employer group health insurance plan when it is determined cost-effective to do so. Medicaid program costs are reduced by establishing or maintaining a third-party resource as the primary payer of the recipient’s medical expenses. This is particularly true for persons who may not otherwise enroll in an available health insurance plan or who may drop health insurance once Medicaid eligibility is attained.

This offer continues the IowaCare program as initiated by House File 841 in the 2005 General Assembly. This will allow the Department of Human Services to continue to provide services to persons previously served under the “state papers” program and to draw down Federal matching funding for services provided.

SFY 2010 Enacted Budget (Adjusted Status Quo Funding)

Medical Assistance**	\$	684,502,783
Medical Assistance ARRA Restoration	\$	122,454,529
Medical Contracts	\$	13,651,503
HIPP	\$	508,011
Field Support	\$	11,390,830
Field Support ARRA Restoration	\$	4,074,889
General Administration	\$	7,868,627
Total State \$ Appropriated:	\$	844,451,172

**This figure includes the following:

\$681,949,840 General Fund appropriation in SFY 2010 for Medical Assistance.

\$2,552,943 from the \$4,207,001 General Fund appropriation to cover additional children under Medicaid and *hawk-i*.

Funding Needed to Maintain the Current Service Level

Decision Package	Decision Package Description	Amount
1	Increase due to growth in the utilization of fee-for-service (such as hospital, physician, laboratory, etc.) and inflation in cost-based reimbursement.	\$ 20,476,732
2	Increase in fee-for-service expenditures due to enrollment growth of 5.72% over SFY 2010.	\$ 17,081,466
3	Increase in Medicare-related payments for coverage of dual eligibles includes growth in the payment of Medicare Part A and Part B premiums, the Medicare Part D clawback payment, and crossover payments for Qualified Medicare Beneficiaries (QMBs).	\$ 8,569,859
4	Increase in Mental Health Services primarily due to utilization increases in Remedial Services, the Iowa Plan, Habilitation Services, PMICs, and Psychiatric Services.	\$ 7,493,897
5	Increase in home and community based waiver services due to enrollment increases in the Elderly Waiver and utilization/inflation increases across all waivers.	\$ 4,690,185
6	Increases in the Money Follows the Person grant primarily due to the average number of recipients served increasing from 54 in SFY 2010 to 114 in SFY 2011.	\$ 984,615

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7	Increase in Targeted Case Management Services due to both member and utilization growth.	\$	799,598
8	Increase in all other Medical Assistance programs. Non-Emergency Medical Transportation and PACE make up the majority of this increase.	\$	1,182,748
9	One-time funding for hospital rebasing in SFY 2010 that will not be available in SFY 2011.	\$	1,833,333
10	A projected increase in the SFY 2011 regular FMAP rate reduces State responsibility.	\$	(3,829,726)
11	Expenditure decreases and offsets: This includes a decline in nursing facility payments due to a reduction in bed days. It also includes normal increases in rebate and recovery collections, reduction due to one-time SFY 2010 payments that will not occur in SFY 2011, and an increase in the Property Tax Relief Fund transfer to the statutory level of \$6.6 million.	\$	(12,193,875)
12	The assumed SFY 2010 carry-forward based on current expenditure estimates.	\$	(57,551,553)
13	Medical Contracts inflationary increases due to contract costs, operational costs, and Information Technology increases.	\$	914,665
14	Medical Contracts - Costs to reprocur IME service contracts will decrease from \$150K in FY 10 to \$0 in FY 11.	\$	(150,000)
15	Medical Contracts - These funds will be used to upgrade to HIPPA version 5010.	\$	34,348
16	This package funds additional inflationary costs to sustain operations and service delivery including worker's compensation fees, contract increases, printing, postage and IT support. (Medical Contracts)	\$	750
17	Electronic Payments\Information to Providers: This includes a savings of \$162,305 due to converting all payments and remittance advice distributions to Medicaid providers through electronic methods and eliminating all paper checks and paper remittance advices and a savings of \$28,250 due to switching to electronic distribution of all Medicaid provider informational letters.	\$	(190,555)
18	HIPP - Additional funding needed to meet staff and support costs estimated for SFY 2010; assumes no increase in staff costs for SFY 2011.	\$	67,225
19	Funds additional costs due to increased DAS charges and postage increases.	\$	12,191
20	Increase Transfer from Pharmaceutical Settlement Account: The increase in funding needed for Medical Contracts will be covered by an increase in the funds transferred from the Pharmaceutical Settlement Account.	\$	(609,208)

Total Requested for Current Service Level Funding: \$ (10,383,306)

General Fund Total	\$834,067,866
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General Fund Change From Prior Year	-\$10,383,306
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Total Funding Summary:

State Funding Total:	\$1,020,237,952
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Breakout:	Program	General Admin	Field
General Fund	\$ 810,721,329	\$ 7,880,818	\$ 15,465,719
SLTF	\$ 16,784,483	\$ -	\$ -
Tobacco	\$ 111,834,156	\$ -	\$ -
Iowa Care	\$ 41,119,953	\$ -	\$ -
HCTA	\$ 5,154,212	\$ -	\$ -
Other*	\$ 9,223,833	\$ -	\$ 2,053,449
Total	\$ 994,837,965	\$ 7,880,818	\$ 17,519,168

*Other Program dollars include \$6,600,000 from the Property Tax Relief Fund and \$2,623,833 from the Pharmaceutical Settlement Fund.

*Other Field dollars include revenue from outstationed workers and county expenses.

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Federal Funding Total:			\$2,304,254,758
	Program	General Admin	Field
TANF	\$ -	\$ -	\$ -
SSBG	\$ -	\$ -	\$ -
ARRA	\$ 65,282,004	\$ -	\$ -
IowaCare	\$ 74,227,464	\$ -	\$ -
HCTA	\$ 4,043,553	\$ -	\$ -
Other	\$ 2,135,625,214	\$ 9,803,218	\$ 15,273,305
Total	\$ 2,279,178,235	\$ 9,803,218	\$ 15,273,305

Other Funding Total:			\$429,056,598
	Program	General Admin	Field
Other **	\$ 429,056,598	\$ -	\$ -

**Includes intra-state transfers, rebates and recoveries, Glenwood and Woodward ICF/MR, and county funded services.

Totals	Program	General Admin	Field	Offer Total
	\$ 3,703,072,799	\$ 17,684,036	\$ 32,792,473	\$3,753,549,308

FTEs included in offer:

FTEs	Admin	Field
	121.50	463.63
	Program	Other
	15.00	

IOWACARE FUND**Below is a detailed breakdown of IowaCare funding included within this offer.**

	<u>SFY 2010</u>	<u>SFY 2011</u>
SFY 2010 Enacted Budget (Status Quo Funding)		
Polk County Revenue	\$ 38,000,000	
Transfer from Medicaid	\$ -	
SFY 2010 Anticipated Additional Revenue		
Balance Forward	\$ 1,224,214	
Interest	\$ 225,000	
Total Estimated SFY 2010 Revenues:	<u>\$ 39,449,214</u>	

Funding Requested in SFY 2011		
Polk County Revenue		\$ 38,000,000
Transfer from Medicaid		\$ -
SFY 2011 Anticipated Additional Revenue		
Balance Forward		\$ 7,135,252
Interest		\$ 350,000
Total Estimated SFY 2011 Revenues:		<u>\$ 45,485,252</u>

Expenditures:

<i>Original IowaCare Appropriations (per HF 811)</i>	State Dollars
UIHC (\$27,284,584 total funds)	\$ 9,110,323
Broadlawns (\$41,000,000 total funds, \$22,000,000 in claims)	\$ 14,278,900
	\$ -
	\$ -
	\$ -
	\$ -

Amount Needed to Support Claims Growth beyond Original Appropriation

Broadlawns Supp- SFY 10 paid in SFY 11 (\$1.8M)	\$ 656,820
UIHC (\$46,790,655 total funds)	\$ 17,073,910

Total Revenues:	\$ 45,485,252
Total Expenditures:	\$ 41,119,953
IowaCare Account Ending Balance:	<u>\$ 4,365,299</u>
Additional IowaCare Funding Requested:	<u>\$ -</u>

HEALTH CARE TRANSFORMATION ACCOUNT

REVENUES		Projected FY 2011
Balance Forward	\$	18,704,201
Balance Adjustment		
Federal Participation		
Insurance Premiums		440,000
Interest		500,000
TOTAL	\$	19,644,201
 APPROPRIATIONS		
Medical Exams and Dev. of Health Plans	\$	556,800
Medical Information Hotline		100,000
Insurance Cost Subsidy Program		
Health Care Account Program Option		
Electronic Medical Records		
Case Mix ICF/MR Development		
Provider Incentive Payment Program Dev		
Other Health Partnership Activities		600,000
Audits, Performance Evaluations, and Studies		125,000
DHS Administrative Costs		1,132,412
Dental Home for Children		1,000,000
Mental Health Transformation Pilot		
Medical Contracts		1,300,000
IowaCare Broadlawns Admin.		290,000
MH/DD Workforce Development		
Tuition Assistance		50,000
Total Expenses	\$	5,154,212
 Transfer to IowaCare Account	 \$	 -
 Total Expenses and Transfers	 \$	 5,154,212
 Balance	 \$	 14,489,989